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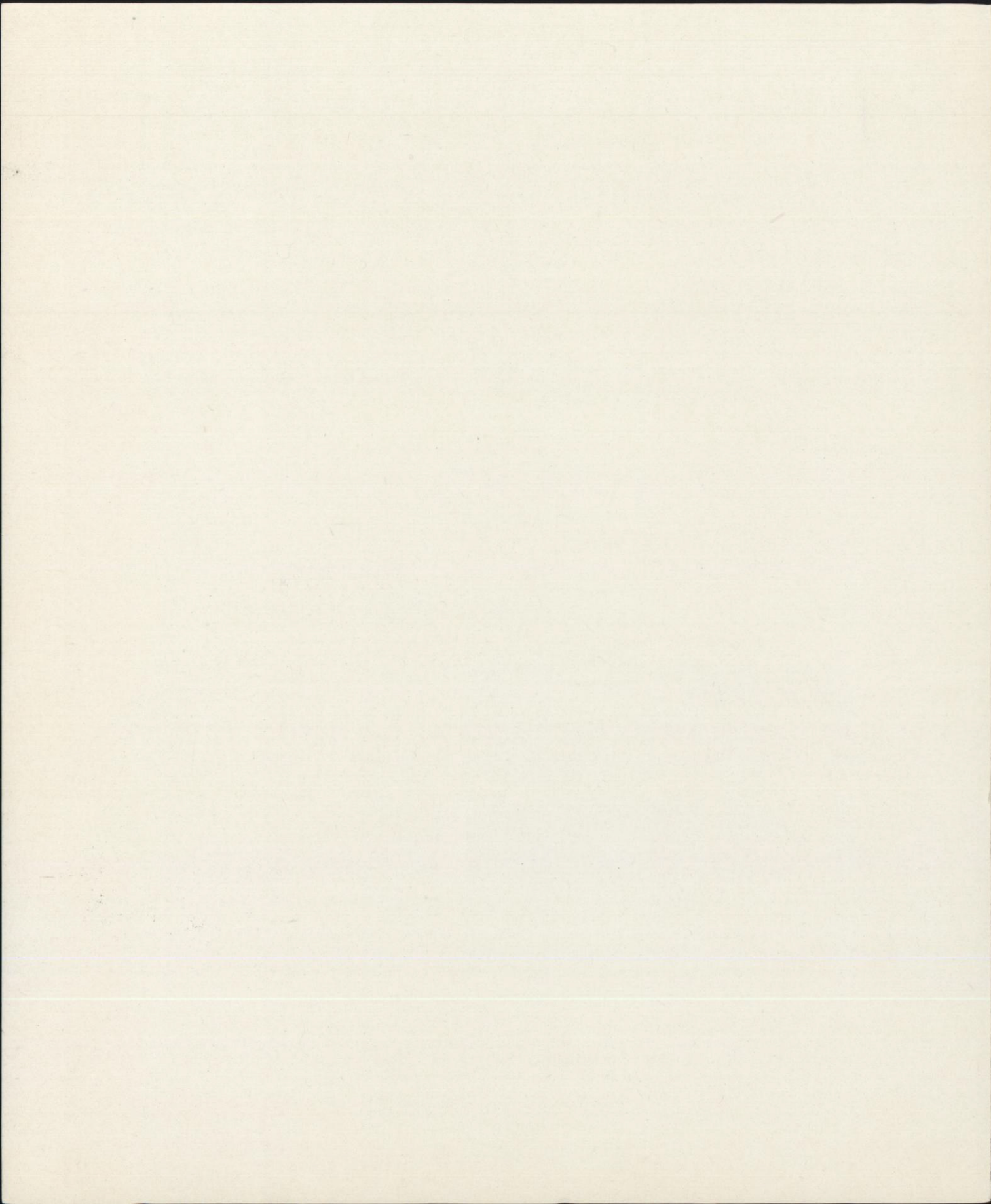
NOT TO BE TAKEN AWAY



ANNUAL REPORT—1933

JEWEL TEA CO., INC.
JEWEL PARK, BARRINGTON, ILL.

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Corp file*



JEWEL TEA CO., INC.

GENERAL OFFICES
JEWEL PARK
BARRINGTON, ILLINOIS

DIRECTORS:

JOHN M. HANCOCK, *Chairman*

HENRY S. BOWERS
EDWIN GIBBS
M. H. KARKER
F. M. KASCH

C. W. KAYLOR
ARTHUR LEHMAN
WALTER E. SACHS
ROBERT R. UPDEGRAFF

OFFICERS:

JOHN M. HANCOCK

Chairman of the Board of Directors

M. H. KARKER, *President*
WM. D. SMITH, *Vice-President*
ROBERT HILTON, *Vice-President*
F. M. KASCH, *Treasurer*

J. M. FRIEDLANDER, *Asst. Treas.*
A. U. HUNT, *Asst. Treas.*
ROBERT W. MUIR, *Secretary*
F. J. LUNDING, *Asst. Secretary*

TRANSFER AGENT:

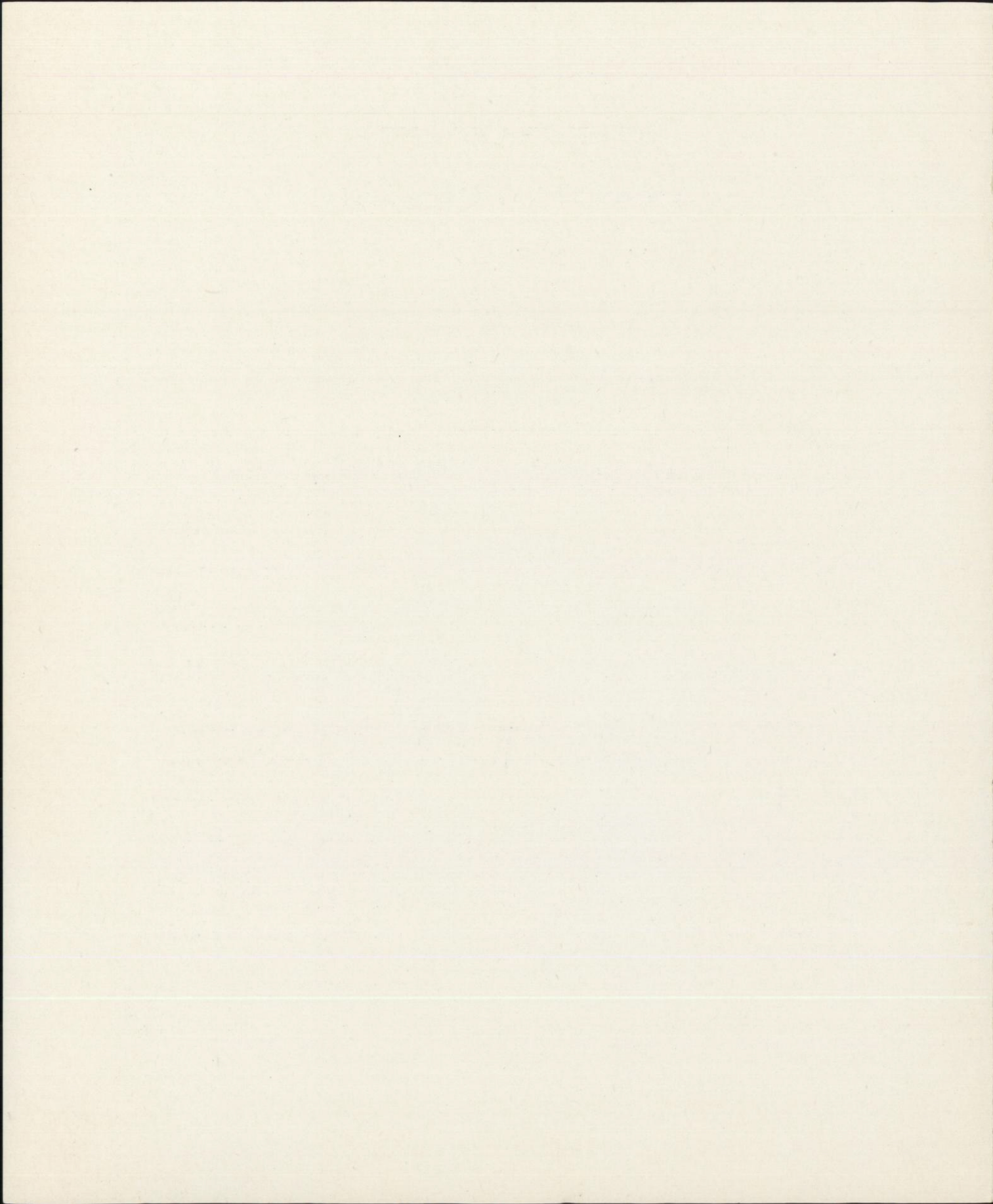
MANUFACTURERS TRUST COMPANY, *55 Broad Street, New York City*

REGISTRAR:

THE COMMERCIAL NATIONAL BANK & TRUST COMPANY OF NEW YORK
56 Wall St., New York City

AUDITORS:

TOUCHE, NIVEN & Co., *Public Accountants, New York and Chicago*



JEWEL TEA CO., INC.

JEWEL PARK
BARRINGTON, ILL.

TO THE STOCKHOLDERS:

February 2, 1934

The eighteenth annual report of your company, including the balance sheet for the fiscal year ended December 30, 1933 and statements of the income and surplus accounts, is presented herewith.

PROFITS Net profit for the year — after provision for federal income taxes, depreciation, reserves, and losses in the operation of Jewel Food Stores — was \$909,324.87 or \$3.25 per share on the 280,000 shares issued, compared with \$1,053,625.69 in the previous year. Treasury stock at the end of the year, not under contract for sale to employees, totaled 12,314 shares, leaving 267,686 shares outstanding in the hands of the public and on this number of shares earnings for 1933 were at the rate of \$3.40 per share.

SALES Total sales amounted to \$14,377,592.79. Sales for the wagon routes alone totaled \$10,426,045.54 which is a decrease of \$664,516.54 or 5.99% from 1932. Selling prices were relatively stable during 1933 although slightly lower than in the previous year. For the first time in over four years wagon route sales during the months of November and December exceeded the same months of the year before. Sales effort was concentrated on the maintenance and improvement of existing routes but 45 new routes were added during the year, and, as heretofore, the expense of adding these new routes was charged to current operations.

WORKING CAPITAL The company's financial position continues favorable, with net working capital of \$3,542,843.06 and a ratio of current assets to current liabilities of 3.82 to 1. Cash and marketable securities exceed total liabilities by \$801,875.60.

OPERATING EXPENSE Total expenses of operation were again reduced in 1933, although many items of expense were affected by rising costs during the last six months of the year.

INVENTORY CONTROL Inventories were \$904,811.85 or 63.3% higher than on December 31, 1932. The replacement value of year-end inventories was above cost and no write-downs from cost to market were necessary.

RESERVES Assets have been conservatively valued and reserves adequate in the light of present day conditions and future outlook have been provided in every instance. The amount of reserves has been determined by the application of the same principles in use for many years.

TAXES During 1933 your company paid taxes amounting to \$426,897.24, an amount equal to 47% of the company's net profit for the year. Taxes were \$193,507.90 or 83% higher than for 1932, but the full effect of new revenue legislation enacted during 1933 does not show in the cost for that year because many new laws did not become operative until the middle and latter part of the year. On the basis of present laws and the same volume of business, it is estimated that taxes will be \$82,000.00 higher in 1934 than in 1933.

NATIONAL RECOVERY ADMINISTRATION Your company operates in conformity with the codes of fair competition for the wholesale and retail food and grocery trades.

SURPLUS Dividends were paid at the rate of \$3.00 per share on the outstanding stock of your company and the surplus account was closed with a balance of \$1,540,635.76.

The results of operation of your company for the year 1933 are a further tribute to the devotion, loyalty, and earnest effort of everyone in the organization. The year's results again demonstrate the soundness of your company's plans for the past ten years, involving stock purchases open to all in the organization and profit sharing open to all in a position to contribute materially to the company's profit, the latter group comprising 344 employees in 1933. For the results achieved, and for the spirit and devotion of the organization, the management desires to express its appreciation and gratitude.

For the Board of Directors:

JOHN M. HANCOCK, *Chairman*

M. H. KARKER, *President*

JEWEL TEA
CONSOLIDATED BALANCE
 (INCLUDING JEWEL

ASSETS			
CURRENT ASSETS:			
Cash.....		\$ 845,149.45	
Marketable securities at market or less, and interest.....		1,213,973.30	
Accounts receivable—			
Trade customers.....	\$ 242,219.55		
Miscellaneous	87,330.92		
	\$ 329,550.47		
Less reserve for doubtful accounts.....	124,941.04		
		204,609.43	
Inventories at cost or market, whichever is lower—			
Groceries.....	\$1,980,431.70		
Premiums.....	354,073.99		
		2,334,505.69	
Trust fund investments (Surety deposits, per contra).....		201,852.34	
			\$4,800,090.21
CASH SURRENDER VALUE OF OFFICER'S LIFE INSURANCE POLICIES.....			33,521.82
COMMON STOCK IN TREASURY AND HELD FOR EMPLOYEES:			
Under contract for sale (1,264 shares).....	\$ 36,623.79		
Less payments on stock under contract for sale	15,792.64		
		\$ 20,831.15	
Held for later sale and distribution to employees (12,314 shares)....		328,686.11	
			349,517.26
LOANS TO EMPLOYEES			33,150.38
DEFERRED CHARGES:			
Premiums (at cost) advanced to customers	\$1,222,399.15		
Less reserve for doubtful accounts	419,221.27		
		\$ 803,177.88	
Unexpired insurance, expense supplies, etc.....		150,694.39	
			953,872.27
CAPITAL ASSETS:			
(As appraised as of December 31, 1932, when book values were reduced \$404,537.66 to basis of current values, plus subsequent additions at cost.)			
Land		\$ 362,113.42	
Buildings.....	\$ 833,025.85		
Machinery, furniture and fixtures, at plants.....	447,416.20		
Branch and store equipment.....	1,312,470.65		
	\$2,592,912.70		
Less reserve for depreciation.....	1,069,101.22	1,523,811.48	
			1,885,924.90
GOODWILL			1.00
			<u>\$8,056,077.84</u>

TO THE BOARD OF DIRECTORS, JEWEL TEA CO., INC.:

We have examined the books and accounts of Jewel Tea Co., Inc. and its subsidiaries and certify that the above balance sheet and accompanying income and surplus account are the result of operations for the year then ended.

Chicago, Illinois
 January 29, 1934.

A CO., INC.

SHEET, DECEMBER 30, 1933
FOOD STORES, INC.)

LIABILITIES

CURRENT LIABILITIES:

Letters of credit and acceptances	\$ 117,018.05	
Accounts payable, trade.....	137,971.26	
Dividends payable, January 15, 1934.....	210,000.00	
Other accounts and wages payable.....	275,703.40	
Federal, state and other taxes accrued.....	262,990.14	
Trading stamps outstanding.....	51,711.96	
Surety deposits (Trust fund investments, per contra).....	201,852.34	
		\$1,257,247.15

RESERVES:

For contingencies.....	\$ 185,000.00	
For automobile accident and fire losses.....	137,732.59	
		322,732.59

CAPITAL AND SURPLUS:

Common stock, no par value —		
Authorized.....	300,000 shares	
Unissued.....	20,000 shares	
Issued and outstanding.....	280,000 shares	\$4,935,462.34
Earned surplus, per annexed statement.....	1,540,635.76	
		6,476,098.10

CONTINGENT LIABILITY:

Under contracts for coffee not shipped at December 30, 1933.....	<u>\$509,913.62</u>
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\$ 8,056,077.84

bsidiary, Jewel Food Stores, Inc., for the year ended December 30, 1933, and hereby
xhibit, in our opinion, the financial position of the combined companies at that date and

TOUCHE, NIVEN & CO.
Public Accountants

JEWEL TEA CO., INC.
CONSOLIDATED INCOME AND SURPLUS ACCOUNT
 (INCLUDING JEWEL FOOD STORES, INC.)

For the Year Ended December 30, 1933

NET SALES:

Jewel Tea Co., Inc.—Wagon Routes.....	\$10,426,045.54	
Jewel Food Stores, Inc.—Retail Stores.....	3,951,547.25	
		\$14,377,592.79

DEDUCT:

Cost of sales — including raw materials, labor, supplies, operating expenses, etc.....	\$12,734,853.02	
Depreciation — of buildings, machinery, furniture and fixtures, and automobiles.....	307,973.71	
Taxes — Federal and state income, franchise, capital stock, excise, sales, occupational, chain store, gasoline, personal property and real estate taxes, and automobile and business licenses.....	426,897.24	
Reserves — additions to:		
Automobile accident and fire losses.....	\$ 25,000.00	
Contingencies	185,000.00	
		210,000.00
		13,679,723.97
		\$ 697,868.82

ADD:

Other Income	211,456.05
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NET PROFIT FOR THE YEAR	\$ 909,324.87
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EARNED SURPLUS, December 31, 1932	1,431,486.55
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\$ 2,340,811.42

DEDUCT:

Dividends on common stock (\$3.00 per share).....	800,175.66
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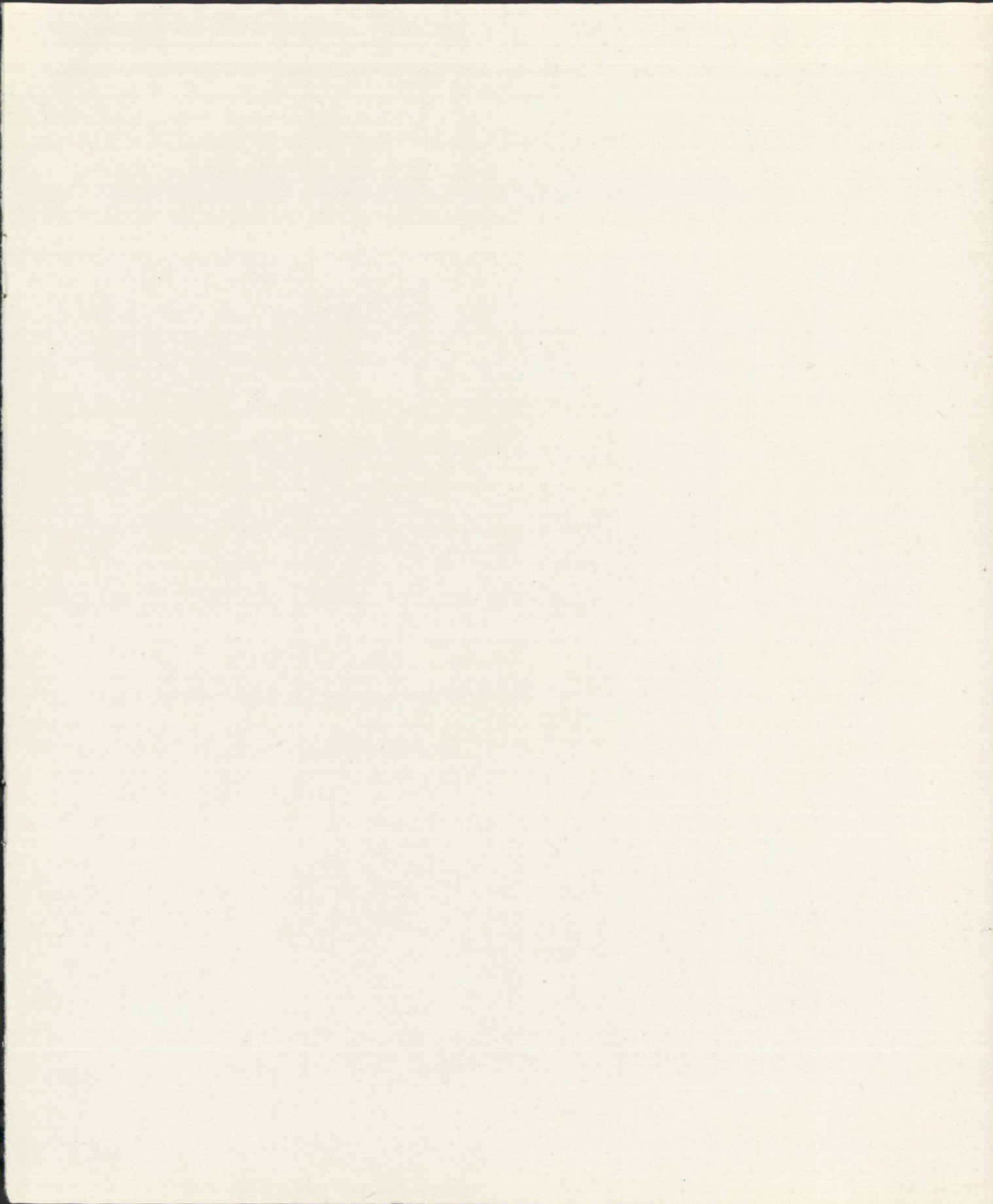
EARNED SURPLUS, December 30, 1933	\$1,540,635.76
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JEWEL TEA CO., INC.

TABLE OF COMPARATIVE SALES AND EARNINGS

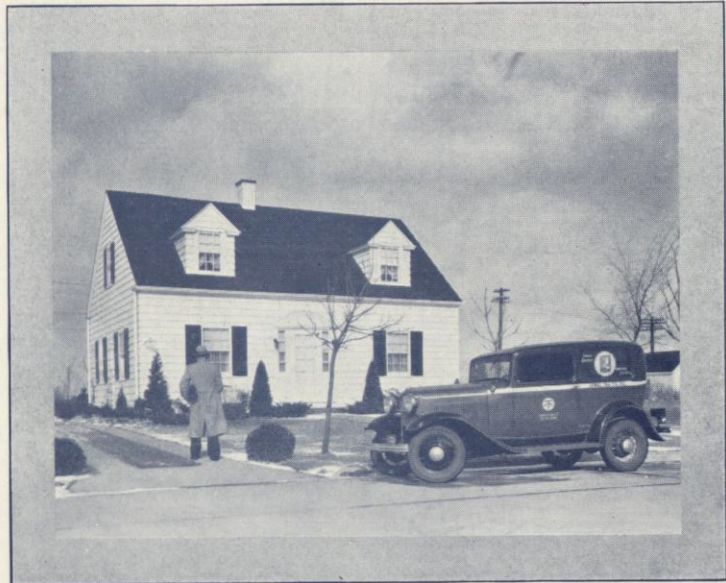
YEAR	UNITS IN OPERATION END OF YEAR		SALES	EARNINGS	
	STORES	WAGONS		AMOUNT	PER SHARE ON COMMON STOCK*
1921	—	1,005	\$11,210,388	\$ 321,457	\$1.15
1922	—	994	10,240,810	152,149	.54
1923	—	998	12,554,875	624,200	2.23
1924	—	1,030	13,602,745	855,076	3.05
1925	—	1,059	14,178,478	838,947	3.00
1926	—	1,090	14,568,258	1,258,052	4.49
1927	—	1,096	14,532,336	1,261,391	4.50
1928	—	1,121	15,970,893	1,530,888	5.47
1929	—	1,215	16,844,110	1,691,302	6.04
1930	—	1,280	15,521,791	1,705,293	6.09
1931	—	1,334	13,742,691	1,363,780	4.87
1932	85	1,340	14,662,252	1,053,626	3.76
1933	84	1,385	14,377,593	909,325	3.25

*Based on 280,000 shares.



The two
JEWEL
methods of
distribution

Serving 800,000 Customers
Direct to the Home



A Typical
JEWEL Food Store